

Opening Statement
Chairman Michael G. Oxley
Committee on Financial Services
Subcommittee on Financial Institutions and Consumer
Credit

“Check Clearing for the 21st Century Act” – “Check 21”
September 25, 2002

I want to begin by thanking Chairman Bachus for holding this important hearing on the bipartisan legislation introduced by the gentleman from New Jersey, Mr. Ferguson and the gentleman from Tennessee, Mr. Ford. I would also like to thank the panel of witnesses who have come to testify before the Subcommittee and give their insights into the need for this legislation. In particular, I want to welcome Mr. Lee Schram of NCR based in Dayton, Ohio and Mr. Joe Biggerstaff of AirNet Systems based in Columbus, Ohio. I am looking forward to your thoughts and comments.

When I became Chairman of the Financial Services Committee one of my primary goals was to ensure that U.S. financial institutions had the tools to operate in the most efficient manner possible while maintaining the safety and soundness of the financial system. I believe that we must implement the technological advancements made in the field of payment systems to provide customers with expedited access to capital and credit, while ensuring that they are protected from fraud. The “Check 21” legislation achieves this goal.

Additionally, significant costs savings to customers and financial institutions will be realized with increased electronic check presentment. Too often we are hamstrung in our efforts to provide U.S. businesses and customers with access to the most effective means of dealing with one another.

There is another important reason why this legislation is needed. The terror attacks of last year forced us to reexamine how our country operates under adverse circumstances. This Committee has been at the forefront of the efforts to ensure the integrity of our capital markets, to protect the U.S. money supply, to provide insurance against terror attacks, and with Mr. Ferguson’s proposal, to safeguard the U.S. payments system against interruptions in transportation services.

As I anticipate we will hear from several of the witnesses, the days following September 11, 2001 placed the U.S. payments system in crisis when the flights that normally transported checks between banks across the country were grounded. With the enactment of “Check 21” the need for the physical transportation of checks between financial institutions will be reduced and any threat to the transportation system will not affect the presentment of checks in the payments system.

Finally, I would like to thank the Federal Reserve for its hard work in helping to develop H.R. 5414 in consultation with this Committee and other interested parties. I am hopeful that we can achieve broad bipartisan support to move this proposal early next session. I am looking forward to the discussion on this legislation and on future innovations in the U.S. payments system. Thank you, Mr. Chairman.